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14 The Roman Catholic Archbishop of San Francisco

15 UNITED STATES BANKRUPTCY COURT
16 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION
17

18 In re:
19 THE ROMAN CATHOLIC ARCHBISHOP
OF SAN FRANCISCO,
20
21 Debtor and
Debtor In Possession.

Case No. 23-30564

Chapter 11

**SUPPLEMENTAL DECLARATION OF
JOSEPH J. PASSARELLO IN SUPPORT OF
MOTION OF DEBTOR FOR AUTHORITY
TO EMPLOY AS OF THE PETITION DATE
AND PROVIDE COMPENSATION TO
PROFESSIONALS USED IN THE
ORDINARY COURSE OF BUSINESS [11
U.S.C. §§ 105(a), 327, 328, and 330]**

Date: October 12, 2023
Time: 1:30 p.m.
Place: Via ZoomGov
26 Judge: Hon. Dennis Montali

27 I, Joseph J. Passarello, hereby declare under penalty of perjury as follows:

28 1. I am the Senior Financial Director and former Chief Financial Officer (“CFO”) of

1 The Roman Catholic Archbishop of San Francisco, the debtor and debtor in possession herein
2 (“RCASF” or the “Debtor”). I have been the CFO of the RCASF since January 2014. Before that,
3 I have been the CFO for several other companies including Serena Software, Aptina Imaging, AMI
4 Semiconductor, and Therma-Wave, Inc. I have a Master of Business Administration from Santa
5 Clara University and a Bachelor of Science in Economics and Business Administration from St.
6 Mary’s College. In the course and scope of my duties as Senior Financial Director and while
7 serving as CFO, I am familiar with the record keeping practices and policies of the RCASF and
8 how it regularly maintains its business records. I make this supplemental declaration
9 (“Declaration”) in support of the above-referenced Motion to establish certain procedures to retain
10 and compensate the professionals that the Debtor employs in the ordinary course of business
11 (collectively, the “Ordinary Course Professionals”). All terms not otherwise defined herein have
12 the same meaning as set forth in the Motion.

13 2. All facts set forth in this Declaration are based on my personal knowledge, upon
14 information supplied to me by people who report to me, upon information supplied to me by
15 RCASF’s professionals and consultants, upon my review of relevant documents, or upon my
16 opinion based on my experience and knowledge with respect to RCASF’s operations, financial
17 condition and related business issues. The documents submitted herewith, referenced herein or
18 otherwise relied upon by me for purposes of this Declaration are the business records of RCASF,
19 prepared and kept in ordinary and regularly conducted business activity of RCASF, and used by
20 me for those purposes. If I were called upon to testify, I could and would testify competently to
21 the facts set forth herein, and I am authorized to submit this Declaration on behalf of RCASF.

22 3. Beacon Pointe LLP provides investment advice, asset allocation recommendations,
23 evaluation and recommendations of investment managers and performance reporting to RCASF for
24 investments associated with the balanced pool portfolio, the parochial pension plan, the priest
25 retirement plan and the institutional deposit & loan. Beacon Pointe has provided these services to
26 RCASF for many years in the ordinary course of RCASF’s business. Beacon Pointe’s services are
27 unrelated to RCASF’s restructuring, development of a plan of reorganization, bankruptcy related
28 financial reporting or other matters related to RCASF’s Chapter 11 bankruptcy case.

4. In addition to the pre-petition amounts owed to Beacon Point, RCASF further discloses that Grant Thornton LLP is owed approximately \$3,100 for pre-petition services. The Debtor does not believe that Grant Thornton holds an interest materially adverse to the Debtor, its creditors, or other parties in interest with respect to the matters on which they are to be employed. Grant Thornton provides UBIT tax advice which generally relates to preparation of 990 UBIT returns. The 990 Unrelated Business Income Tax (UBIT) returns are prepared by Grant Thornton and reflect income on matters such as advertising income from the Catholic SF Magazine, certain rental agreements for parking, and certain private real estate investments in the Balanced Investment Pool. Like Beacon Pointe, Grant Thornton has provided these services to RCASF for many years in the ordinary course of RCASF's business. Grant Thornton's services are unrelated to RCASF's restructuring, development of a plan of reorganization, bankruptcy related financial reporting or other matters related to RCASF's Chapter 11 bankruptcy case.

5. As explained in my Declaration filed in support of the Motion, the Debtor has for many years negotiated a flat rate payment with BPM for its annual audit. The payment schedule for BPM's audit is as follows:

	Professional Fees	Indirect Expenses	Total (before direct out-of-pocket expenses)
Central Administrative Office			
Start of Planning Phase	\$15,000	\$1,050	\$16,050
Before the Start of Fieldwork	\$35,000	\$2,450	\$37,450
Upon First Week of Fieldwork	\$45,000	\$3,150	\$48,150
Upon Start of Testing Out of Scope – Lease	6,000	\$0	\$6,000
Before delivery of draft report	\$25,000	\$1,750	\$26,750
Before meeting with management	\$8,000	\$560	\$8,560
Before issuance of report	\$4,710	\$330	\$5,040
	<u>\$138,710</u>	<u>\$9,290</u>	<u>\$148,000</u>
Remaining Balance			<u>\$131,950</u>

6. As noted in my Declaration filed in support of the Motion, the Debtor paid a \$17,000 installment pre-petition, leaving a remaining balance of approximately \$132,000. The Debtor is working with BPM to obtain an estimate for when these items will be completed.

7. The Debtor anticipates retaining Partners in Mission, 8 Nicklaus Way, Mashpee,

1 MA 02649, for as the executive search firm for the Superintendent position. The Debtor anticipates
2 that the fees for these services will be approximately \$80,000, payable; 1/3 at signing, 1/3 on
3 presentation of 3-5 vetted candidates, and the final 1/3 due at hire of Superintendent.

4 I declare under penalty of perjury that the foregoing is true and correct. Executed on October
5 5, 2023 at San Francisco, California.

6 /s/ Joseph J. Passarello
7 Joseph J. Passarello
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